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SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 1992

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OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File NO. 0-15242

DURAMED PHARMACEUTICALS, INC.

State of Incorporation - Delaware

IRS Employer I.D. No. 11-2590026

5040 Lester Road

Cincinnati, Ohio 45213

(513) 731-9900

Indicate by checkmark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months, and (2) has been subject to such filing requirements for the past 90 days.

YES __X__ NO _____

Common Stock, $.01 par value per share:

Shares Outstanding as of June 30, 1992 6,598,564

BEST COPY AVAILABLE

DURAMED PHARMACEUTICALS, INC.

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Part 1. FINANCIAL INFORMATION

Item 1. Financial Statements

DURAMED PHARMACEUTICALS, INC.

CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

	June 30, 1992	December 31, 1991
ASSETS		
Current Assets:		
Cash	$ 1,500	$ 1,300
Trade accounts receivable, less allowance for uncollectible accounts: 1992 - $283,730 1991 - $2,766,238	1,568,596	1,424,946
Inventories	1,843,554	1,486,236
Prepaid expenses	913,167	297,001
Manufacturing supplies	154,985	180,653
Due from related parties	73,760	72,775
Total current assets	4,555,562	3,462,911
Property, Plant and Equipment:		
Land	1,000,000	1,000,000
Building and improvements	6,336,083	6,311,787
Equipment, furniture and fixtures	9,343,293	9,356,809
Total	16,679,376	16,668,596
Less accumulated depreciation and amortization	6,859,288	6,334,528
Property, plant and equipment - net	9,820,088	10,334,068
Other Assets:		
Deposits and other assets	556,665	567,309
Product agreement marketing rights	997,200	997,200
Goodwill	290,129	316,475
Total other assets	1,843,994	1,880,984
Total Assets	$16,219,644	$ 15,677,963

DURAMED PHARMACEUTICALS, INC.

CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

	June 30, 1992	December 31, 1991
LIABILITIES & SHAREHOLDERS' EQUITY (NET CAPITAL DEFICIENCY)		
Current Liabilities:		
Notes payable to bank	$ 16,798,666	$ 16,300,000
Accounts payable	2,704,091	2,907,496
Other accrued expenses	4,372,566	3,141,058
Current portion of long-term debt	2,510,823	2,607,589
Total current liabilities	26,386,146	24,956,143
Long-Term Debt, less current portion	282,754	768,728
Total liabilities	$ 26,668,900	$ 25,724,871
Shareholders' Equity (Net Capital Deficiency):		
Preferred stock - authorized 500,000 shares, par value $.001: none issued or outstanding	---	---
Common stock - authorized 20,000,000 shares, par value $.01: issued and outstanding:		
1992 - 6,598,564 shares		
1991 - 6,176,941 shares	64,954	61,769
Additional paid-in capital	22,727,763	22,571,698
Retained earnings (deficit)	(33,241,973)	(32,680,375)
Total shareholders' equity (net capital deficiency)	(10,449,256)	(10,046,908)
Total Liabilities and Shareholders' Equity (Net Capital Deficiency)	$ 16,219,644	$ 15,677,963

The accompanying notes are in integral part of these consolidated financial statements.

DURAMED PHARMACEUTICALS, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

	Three months ended June 30,		Six months ended June 30,	
	1992	1991	1992	1991
Net sales	$ 3,262,091	$ 3,937,223	$ 6,337,305	$ 5,105,288
Cost of goods sold	2,104,908	2,298,158	4,078,899	4,298,458
Gross profit	1,157,183	1,639,065	2,258,406	806,830
Operating expenses:				
Product development	(238,443)	---	(82,960)	---
Selling	201,630	226,556	417,000	458,248
Royalties	---	---	---	2,912
General and administrative	826,064	821,820	1,554,930	2,040,876
Total operating expenses	789,251	1,048,376	1,888,970	2,502,036
Operating income (loss)	367,932	590,689	369,436	(1,695,206)
Interest expense	471,130	521,845	931,034	1,013,384
Net income (loss)	$ (103,198)	$ 68,844	$ (561,598)	$(2,708,590)
Net income (loss) per share of common stock	$ (.02)	$ .01	$ (.09)	$ (.43)
Weighted average number of common shares outstanding	6,598,584	6,280,064	6,586,314	6,280,064

The accompanying notes are an integral part of these consolidated financial statements.

DURAMED PHARMACEUTICALS, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	Six months ended June 30, 1992	1991
Cash flows from operating activities:		
Net (loss)	$ (561,598)	$ (2,708,590)
Adjustments to reconcile net (loss) to net cash provided by (used for) operating activities:		
Provision for product recalls	---	500,000
Depreciation and amortization	593,907	326,341
Provision for bad debts	21,609	39,734
Loss on sale of capital equipment	---	65,847
Noncash stock transactions	159,250	---
Changes in operating assets and liabilities:		
(Increase) decrease in trade accounts receivable	(165,259)	(965,544)
(Increase) decrease in inventories	(357,318)	494,210
(Increase) decrease in prepaid expenses and manufacturing supplies	(590,498)	113,270
(Increase) decrease in due from related parties	(985)	(13,889)
Increase (decrease) in accounts payable	(203,405)	(355,882)
Increase (decrease) in other accrued expenses	1,231,508	198,557
Other, net	25,282	5,891
Net cash provided by (used for) operating activities	152,493	(2,300,055)
Cash flows from investing activities:		
Capital expenditures	(68,219)	(63,186)
Proceeds from sale of capital equipment	---	659,258
Net cash provided by (used for) investing activities	(68,219)	596,072
Cash flows from financing activities:		
Net increase in notes payable to bank	498,666	2,535,117
Payments of long-term debt, including current maturities	(582,740)	(831,334)
Net cash (used for) provided by financing activities	(84,074)	1,703,783
Net increase (decrease) in cash and cash equivalents	200	(200)
Cash and cash equivalents at beginning of period	1,300	1,500
Cash and cash equivalents at end of period	$ 1,500	$ 1,300
Supplemental cash flow disclosures:		
Interest paid	$ 82,167	$ 1,034,376
Income taxes paid	---	---
Supplemental schedule of noncash investing and financing activities: None		

The accompanying notes are an integral part of these consolidated financial statements.

DURAMED PHARMACEUTICALS, INC.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (NET CAPITAL DEFICIENCY)
(UNAUDITED)

	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Retained Earnings (Deficit)	Total
Balance at December 31, 1991	6,176,941	$61,769	$22,571,698	$(32,680,375)	$(10,046,908)
Issuance of stock in settlement of liabilities	318,500	$ 3,185	$ 156,065	$ ---	$ 159,250
Net loss for 1992	---	---	---	(561,598)	(561,598)
Balance at June 30, 1992	6,495,441	$64,954	$22,727,763	$(33,241,973)	$(10,449,256)

The accompanying notes are an integral part of these consolidated financial statements.

DURAMED PHARMACEUTICALS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1: Interim Financial Data

The accompanying unaudited consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three month and six month periods ended June 30, 1992 are not necessarily indicative of the results that may be expected for the year ended December 31, 1992. For further information, refer to the consolidated financial statements and footnotes thereto included in the Company's Annual Report on Form 10-K as amended for the year ended December 31, 1991.

Note 2: Net Income (Loss) Per Common Share

Net income (loss) per common share for the periods presented is computed using the weighted average number of common shares outstanding during each period, including common share equivalents. Recognition of outstanding stock options for the purpose of computing the weighted average number of common shares outstanding was not required for the three month and six month periods ended June 30, 1992 and 1991 as their effect would have been antidilutive.

Note 3: Inventories

Inventories consist of the following:

	June 30, 1992	December 31, 1991
Raw materials	$ 1,008,572	$ 783,024
Work-in-process	51,014	113,014
Finished goods	783,968	590,198
Total	$ 1,843,554	$ 1,486,236

Note 4: Operating Leases

Effective June 1, 1990 the Company entered into an agreement to lease additional warehouse, distribution and office space. The lease term extends through September 30, 1998 at annual rentals starting at $473,000 and escalating to $593,000 during the final lease year. Per the terms of the agreement, in lieu of rental payments during the first twelve months of the term, the Company issued to the lessor 103,123 shares (the "shares") of the Company's common stock. The shares issued were not registered under the Securities Act of 1933. Under the agreement the lessor had the right, which it exercised in 1991, to require the Company to repurchase the shares at a 15% premium over the value at issue. Since the Company was unable to make the payment to purchase the shares, the agreement required the lessee of the facility immediately prior to the Company to make the payment. Payment has been made by the prior lessee and, since this prior lessee is a customer of the Company, the amount is being satisfied by the Company by the shipment of the Company's products on open account. Once total shipments are equal to the amount paid by the prior lessee for the shares ($364,699), the shares will be returned to the Company. The repurchase of the shares by the Company was accounted for as a treasury stock transaction in 1991 with the remaining amount owed to the prior lessee as of June 30, 1992 ($159,700) included in Accounts Payable in the accompanying balance sheet.

Note 5: Indebtedness
Short-Term Debt

During 1991 and 1992 the funds used by the Company in its operation have been primarily provided through borrowings against its bank line of credit. Borrowings and outstanding letters of credit under the loan agreement signed August 1, 1990 are limited to the lesser of $13,000,000 or the amount of the eligible collateral. The collateral is essentially all the Company's accounts receivable, inventory, equipment and intangibles. Interest is at the rate of prime plus 3% (9.5% at June 30, 1992) and outstanding amounts are due upon demand. On June 30, 1992 the Company's outstanding borrowings and letters of credit were more than the total allowable amount based on eligible collateral, resulting in a collateral deficit. At August 12, 1992, funds advanced by the bank totalled $16,500,000. In addition, as a result of the Company's net capital deficiency position at June 30, 1992, the Company is in default under the provisions of the loan agreement. As of August 12, 1992 the Company has not received a payment demand from its bank; however, such demand is possible if the bank deems it prudent. See "Liquidity and Capital Resources".

Long-Term Debt	June 30, 1992	December 31, 1991
Industrial Revenue Bond	$ 415,000	$ 800,000
Note payable to State of Ohio	1,534,752	1,534,752
Obligation under Industrial Revenue Bond	353,308	397,497
Installment notes payable	490,517	644,068
	2,793,577	3,376,317
Less amounts classified as current maturities	2,510,823	2,607,589
	$ 282,754	$ 768,728

The Industrial Revenue Bond, which was substantially assumed from the former owners of the facility, bears interest at 7%, requires a final principal payment of $415,000 on June 1, 1993 and is secured by the manufacturing facility. The Company did make the annual principal payment of $385,000 due June 1, 1992 and the loan is not in default.

The note payable to the State of Ohio is secured by the manufacturing facility. The loan bears interest at 7.5% and requires minimum monthly payments of $20,394 and certain other payments as defined by the agreement, with a final payment due not later than November 1993. Effective January 1, 1992 the State of Ohio agreed to a six month payment moratorium. In July 1992 this moratorium was extended through December 1992. Regular monthly payments are scheduled to recommence on January 1, 1993. The loan agreement contains certain covenants which restrict dividend payment and require minimum amounts of working capital and shareholders' equity. The Company has not obtained a waiver for non-compliance with the covenants. Therefore, the entire debt is classified as current. This debt and approximately $36,000 of installment notes payable are personally guaranteed by a former officer and by a director.

During 1985, Hamilton County, Ohio issued Industrial Revenue Bonds in the amount of $995,000, proceeds of which were used to purchase new machinery and equipment. The agreement is secured by the machinery and equipment purchased, which has a net book value of approximately $260,000 at June 30, 1992. The bonds bear interest (5.96% at June 30, 1992) which is based upon a bank's prime rate. Monthly principal and interest payments are required during the term of the loan, due in April 1995. However, the agreement contains various restrictive covenants and the Company has not obtained a waiver for non-compliance with these covenants. Therefore the entire debt is classified as current.

Note 6: Contingencies

As of April 30, 1987, the Company and one of its then officers entered into an agreement terminating the former officer's employment with the Company. Part of this agreement relates to the release of 80,015 shares of the Company's common stock held in escrow pursuant to an agreement required by the State of Ohio in connection with the Company's initial public offering in September 1986. The conditions of the escrow agreement governing full release of shares have not been satisfied and the Company has been otherwise unable to cause all of the shares to be released. The former officer has taken the position that his 1987 agreement obligated the Company to cause the shares to be released no later than September 30, 1987, and , on this basis, filed suit against the Company in May 1988. In February 1990, the jury in this proceeding found essentially that the Company was obligated to obtain the release of the escrowed shares, that the value of the stock at the earliest possible release date was $820,153 or $10.25 per share, and that the plaintiff had incurred $39,500 in other losses due to the failure to release the shares. The plaintiff's request for interest on those amounts for the period prior to the jury's decision was denied by the Court, which also ordered that, upon payment of the judgment, the Company would acquire title to the 80,015 shares of stock. The company appealed the Court's judgment and on July 5, 1991, the United States Court of Appeals for the Sixth Circuit vacated the jury decision and ordered a new trial. Furthermore, on November 12, 1991 the Court approved a motion to cancel the Company's appeal bond and related letter of credit. Based on these developments the $750,000 reserve established in 1989 was no longer considered necessary and was reversed in 1991. The case has been remanded to the Federal District Court and the trial date has been tentatively set for October 5, 1992.

In 1989 the Company agreed to purchase certain manufacturing equipment for a total cost of approximately $950,000. Per the terms of the agreement progress payments were made totalling approximately $527,000 as of December 31, 1991 and June 30, 1992 and are included in Deposits and Other Assets in the accompanying balance sheets. Approximately $600,000, including accrued interest and incidental carrying costs, remains to be paid on the equipment. The Company's current financial condition precludes the Company from making the required payment. The supplier of the equipment has notified the Company it intends, and is legally entitled, to find a buyer for the equipment. Depending on the amount of the selling price, the Company may be in jeopardy of losing all or a portion of the progress payments made to date.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Results of Operations

Net sales decreased $675,000 for the three month period ended June 30, 1992 as compared to the same period in 1991 due primarily to the one time benefit of refilling the distribution lines in 1991 resulting from the recommencement of shipment of the Company's Methylprednisolone product in late March 1991.

For the six month period ended June 30, 1992 compared to the same period in 1991 sales increased $732,000 (after taking into consideration a $500,000 provision for product recalls recorded in 1991 as a reduction in sales). The increase was due principally to the fact the 1992 period includes a full six months shipments of the Company's Methylprednisolone product whereas in 1991 shipments of this product did not commence until late March.

Cost of goods sold, as a percentage of net sales, for the three month period ended June 30, 1992 was 64.5% compared to 58.4% for the same period of 1991. The performance in 1991 was favorably affected by the same factor as that noted above for the higher sales performance. For the six months ended June 30, cost of goods sold improved from 76.7% in 1991 to 64.4% in 1992 (after taking into consideration the $500,000 recall provision noted above) due to the increased sales of Methylprednisolone.

The Company suspended new product development activities throughout most of 1991 in order to conserve resources and dedicate available technical personnel to resolving issues with existing products. Development activities recommenced in late 1991 and the results for the three month and six month periods ended June 30, 1992 reflect expenditures incurred net of the reimbursement received from Schein Pharmaceutical under the terms of the companies' agreement for the development of conjugated estrogens. The amount reported for 1992 includes a one time payment from Schein of $350,000 for past development costs incurred by the Company.

The Company's selling expense is primarily comprised of the fixed expenses of the sales and marketing staff and related activities. No substantive changes have occurred in comparison with 1991.

All royalty bearing products were discontinued during 1991. As a result, no royalty expense was incurred during 1992.

General and administrative expenses for 1992 have decreased below the 1991 level due primarily to reduced legal and other professional fees in 1992 and reduced salaries as a result of staff reductions.

The reduction in interest expense resulted primarily from a reduction in the prime lending rate in effect during 1992 as compared to 1991.

No provision was made for federal, state and local income taxes due to the Company's net losses.

Liquidity and Capital Resources

As explained in the Company's Annual Report on Form 10-K for the year ended December 31, 1991 under "Item 1. Business - Business and Regulatory Environment" the Company voluntarily stopped shipping all ANDA products in November 1990 and began audits of its ANDAs. These audits were completed in 1991 and resulted in the withdrawal of all of the Company's ANDAs except the ANDAs for Methylprednisolone and Isoniazid. Shipments of Methylprednisolone recommenced in March 1991 and shipments of Isoniazid recommenced in April 1992. As a result of the substantially reduced revenue levels in 1991 and the charges incurred in 1990 due to product recalls and related inventory write-offs, the Company's financial base is nearly exhausted. At June 30, 1992 net working capital was a deficit of approximately $21,831,000 and the Company's shareholders' equity was a deficit of $10,449,000.

The Company is continuing its survival efforts focusing on three primary pursuits: 1) implementation and execution of a plan to achieve and maintain, at a minimum, break-even on a cash flow basis, 2) seeking other sources of revenue and 3) continuing discussions with potential sources of capital in an effort to secure the resources needed to fund the Company's recovery.

Since October 1991, the Company has been successful in achieving its first objective of achieving and maintaining essentially break-even results on a cash flow basis. Important in reaching this goal has been the bank's willingness to allow interest on the Company's bank borrowings to accrue. Additionally, an important element of the Company's plan has been the continued support of its unsecured creditors. At June 30, 1992, the Company owed approximately $5,700,000 to its unsecured creditors. Since late 1990 the Company has limited its disbursements to unsecured creditors to amounts needed to meet the immediate operating requirements, principally by making C.O.D. payments for virtually all goods and services. To date, virtually all suppliers have been reasonably agreeable to this approach since it offers them the ability to make profitable sales to the Company on a guaranteed basis while affording the Company the time necessary to address its financial problems. At present, this program is progressing successfully but there can be no assurance that the creditor support will continue. Also as of August 12, 1992 the Company has not received a payment demand from its bank; however, such demand is possible if the bank deems it prudent.

The Company will need additional capital to support its operations and to meet its obligations. Simultaneous with discussions and negotiations with its bank, the Company has pursued, and continues to pursue, other sources of permanent capital. Although all such discussions are yet in the preliminary stages, the Company believes its combined plan to achieve break-even or better performance with continuing efforts to obtain additional sources of revenue will result in the successful completion of a capital infusion. Any such infusion may involve a reorganization or restructuring of the Company and may, of necessity, result in a substantial dilution of the ownership interest of the Company's current stockholders.

On June 1, 1992 the annual principal payment of $385,000 was made on the Company's Industrial Revenue Bond. The funds necessary to make this payment were advanced to the Company by its bank.

The Company's situation remains very uncertain. The continued success of the break-even cash plan is heavily dependent upon one ANDA product and the bank's continued agreement to not require cash payment of the interest on the Company's short term borrowings. There is no assurance that additional sources of revenue will be obtained or that the Company's currently marketed products will not be subject to adverse market developments. With the bank's collateral substantially depleted as a result of the Company's product recalls and product discontinuations, the best available course of action at this time is deemed to be the continued achievement of break-even cash results in order to gain time in the hope that additional sources of revenue can be established and additional resources can be obtained from other sources.

Beginning in 1990, investigations of various aspects of the Company's business, including its ANDAs, have been conducted by the Company, the FDA and other government agencies. Certain of these investigations have resulted in the voluntary withdrawal of all of the Company's ANDAs (except those for Methylprednisolone and Isoniazid) and related product recalls. At this time, the Company cannot predict the final outcome of the investigations, but it is possible that they may result in further adverse effects upon the Company.

Due to the losses incurred, the Company remains unable to meet the National Association of Securities Dealer's Automated Quotation (NASDAQ) system minimum capital and surplus requirements for listing on the NASDAQ system.

DURAMED PHARMACEUTICALS, INC.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings - See Note 6 to the Financial Statements contained in Part I of this Report and see Note J to the Consolidated Financial Statements in the Company's Annual Report on Form 10-K for the year ended December 31, 1991.

Item 6. Exhibits and Report on Form 8-K - (a) Exhibits. None.
(b) Reports on Form 8-K. None.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

DURAMED PHARMACEUTICALS, INC.

Dated: August 12, 1992

by: /s/ E. Thomas Arington
E. Thomas Arington
President, Chairman of the Board
Chief Executive Officer

Dated: August 12, 1992

by: /s/ Timothy J. Holt
Timothy J. Holt
Vice President-Finance, Treasurer
Chief Financial Officer